

The Marketing Strategy of iPhone Series in Chinese Market

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Abstract: Apple has become the world leading mobile phone producer since it launched its first generation mobile phone in Chinese market. Literature survey, case analysis and 4P theory has been adopted in this paper, aims to analyze Apple's successful experience in Chinese market, and provides China's mobile phone enterprises with possible suggestions to improve competitiveness to break into the global market. The reason why iPhone can quickly open the Chinese market and continue to hold a stable market share as its good performance and fashionable appearance, as well as series of marketing strategies. Nowadays, Chinese mobile phone producers have many problems with their products, such as poor quality, low technology level, brand missing etc., the marketing strategy that adopted by Apple can use for reference for Chinese mobile phone producers. By improving product quality, strengthening product design and technology innovation, bundling products with services, the Chinese mobile phone enterprises improve their competitiveness in the global market.

Keywords: marketing strategy, literature survey, 4P theory

1. Introduction

At present, with the fast development of the Internet technologies, the customers are demanding more and more from the mobile phones, the design features and functions of mobile phones cannot meet their desire for consumption, and more users expect that the mobile phones equipped with stronger, richer and more unique services. At present, China has become the center of the industrial chain of smart phones, and has the industrial chain with scale. The technology of key components, core components, assembly and other aspects of the core links have reached the world's leading position, chip and other high-tech industries are also developing rapidly. The competition in China's mobile phone industry is becoming more and fiercer.

In previous years, the Chinese mobile phone market was divided by three company, Nokia, MOTOROLA, and Ericsson [1]. With the development of society, these brands was replaced by other products gradually, such as Samsung, blackberry, domestic mobile phone brands such as Huawei, Xiaomi, OPPO, VIVO, are grabbing back market share in China's mobile phone market [2]. However, after experiencing these three periods of ups and downs, Apple mobile phone still standing firmly and setting off a wave of iPhone in the fierce competition in Chinese mobile phone market. Apple Inc took most of the profits from the overall mobile phone market in China. The success of iPhone in the Chinese market cannot be separated from its own product innovation, quality and technology, but the marketing strategy of iPhone is also an important factor [3]. It is

precisely the use of good marketing strategies and a series of innovative marketing methods, for example, word-of-mouth marketing, limited selling, hunger marketing and innovation marketing, that make iPhone attractive to Chinese consumers quickly, and then its market share in China is rising continuously occupy most of the share in Chinese mobile phone market. On the contrary, Huawei and Xiaomi have singular marketing strategies, as well as marketing strategies related to national mobile phone enterprises such as Lenovo, HTC, TCL and others, are out of date, which leads to the loss of consumer groups, and eventually decline. In this context, an in-depth study of the successful mode and marketing strategies of iPhone can provide a new way for the marketing and innovative development of China's mobile phone industry.

In the study of relevant marketing strategies, this paper will combine specific theoretical analysis to make the strategy of the case and relevant marketing theories fit, from which to explore the generality of successful marketing. On the basis of literature review and careful observation of the existing phenomena and laws, it is described and explained after rigorous thinking and verification. The author collects data of iPhone in Chinese market through Apple's official website, industry data network and other channels, also collect a series of marketing measures taken by Apple for its iPhone. Then collates and analyzes these data and information of the case, get the marketing strategy and enlightenment for Chinese mobile phone enterprises. This paper is mainly a case study that about the iPhone's marketing strategies in China, the marketing case of iPhone has been described, including company introduction, development process and marketing status in Chinese market. Then, it uses the theory of marketing mix to analyze its marketing strategy, including product, price, place and promotion. Finally, it is a summary of the above analysis, it points out that the main successful experience of iPhone in China is to build the image of luxury brand and gained high used loyalty. Chinese mobile phone enterprises can get several enlightenment from the analysis, such as precise target market positioning, enhance innovation ability, flexible use of experience marketing, and improve brand awareness and user loyalty.

2. Company Profile

Apple Inc. was founded in the United States by Steve Jobs and his friends Steve Wozniak, Ronald Wayne on April 1, 1976 [4]. This company is a multinational corporation, its headquarter is located in Cupertino, American. Its main products are electronics, online services, computer and related services, its clients are worldwide. Apple is known for its technological innovation, as it has designed and produced the iOS operating system, Mac laptop, iMac desktops, iPod, etc. In June, 2007, Apple Inc launched its new smartphone - iPhone in America, it was the most perfect products that combining mobile phone, touch screen display and Internet-enable ability together [5]. The iPhone introduced multi-touch screen and innovative user interface with leading new software that marked the end of physical buttons era in the field of mobile phone. Until September 2022, Apple Inc has launched 37 mobile phone models, such as iPhone 4s, iPhone 6, iPhone 14. Apple Inc chose young, fashionable people as target customers. Most of young people like mobile phones with various functions and high appearance level. The iPhone can also meet consumers' business and office needs, such as data transmission, file processing and so on, which is deeply loved by business people. Innovation and high technology are the main positioning of iPhone, and that's why it continues to attract consumers with brand loyalty. According to the latest statistics released by Asymco analyst Horace Dediu, 14 years after the launch of the iPhone, it has sold more than 2 billion units. Statistics show that there are more than 1 billion active iPhone users, and the number of users has been steadily increasing. Currently, there are about 3.8 billion smartphone users worldwide, and iPhone users accounts for about 26 percent. China has been the largest market for the iPhone in recent years. By July 2021, the iPhone consumers in China has reached to 243 million, its share in the smartphone market is 33.3 percent. Apple's business model is based on designing,

producing and selling electronic products, and generating revenue through service channels such as iTunes, the App Store [6]. In recent three years, its business volume has been increasing steadily, \$274.15 billion in 2020, \$368.51 billion in 2021, \$394.32 billion in 2022. The way things are at the moment, the position of iPhone in the high-end flagship mobile phone market cannot be shaken, at least none of mobile brand comes close to Apple in size [7].

3. Ps Marketing Strategy of iPhone in Chinese Market

3.1. Product Strategy

Apple Inc has previously adopted a lean product line strategy, and successfully entered the Chinese market with just an iPhone4 in 2010, and then expanded rapidly. This streamlined product line strategy played an important role in promoting mobile phone sales. This strategy makes it possible to focus resources on a product, it can also save cost and manpower. According to the Apple's marketing strategy, innovation is one of important components. Apple's vision is that each new generation will completely change the world of mobile phone, also will make a difference to the world. The innovation of iPhone is reflected in the technology, as well as the function and appearance of the product, the process, operation and business model, etc. This never-ending spirit of innovation has made iPhone popular with Chinese consumers. To bring the best user experience and meet consumers' needs has always been the pursuit of Apple. Simple and fashionable design, smooth and convenient experience, bring excellent user experience [8]. For consumers in Chinese market, Apple has also made a series of product innovations, such as, the low version of iPhone XR, the iPhone XS with large screen, the iPhone MAX that equipped with physical dual-SIM and dual-standby function card slots, which means Apple has changed its hardware for country for the first time. Apple has taken a bold step in the color of its phones, adding "Chinese Red" models to appeal to Chinese consumers. Apple is constantly updating its mobile software, such built-in QR code support, an optimized nine-grid Pinyin keyboard, and use a Chinese phone number as an iPhone ID, etc.

3.2. Price Strategy

The skimming pricing strategy adopted by Apple has helped build the high-end image of iPhone to a certain extent, and brought high profits at the same time. Through the segmentation and positioning of consumer groups in the market, combined with the skimming pricing strategy, Apple Inc. tries its best to increase the price of products targeted at high-end customers. These consumers who have fashion-conscious and consumption power can bring in a lot of profits for Apple in a short time [9]. In addition, it is helpful for Apple to establish the image of high-end mobile phone brand, and further attract the middle and high-end customer groups, so as to improve the profit and increase the sales. With the unique innovation, excellent quality and good user experience, iPhone has been made as synonym for high-end mobile phones by Apple Inc., becoming the embodiment of high-tech and artwork, many consumers regards owning iPhone as a symbol of social identity and status. This status symbol, in turn, attracts the wealthy and business people to buy iPhone. In 2017, the discount strategy was implemented by Apple, consumers can deduct a certain amount by their current mobile when buying a new iPhone. Apple has adopted a hedging strategy to precisely control the price reduction range, which can attract new customers to buy, as well as effectively avoid the loss of old customers. Only when a new model is introduced, the price of the old model is promoted, and the old model is not off the production line.

3.3. Place Strategy

The distribution channels of iPhone in China can be divided into three types: direct sales stores, the three major telecommunication operators in China, distributors and retails. The first is the direct sales stores, Apple Store. Apple has established many stores in Beijing, Shanghai, Shenzhen and other places. Moreover, the main goal of such stores is to introduce product features to consumers and promote sales indirectly. Apple Inc. stated that only by giving consumers the opportunity to experience the value of the product on themselves, they can create a sense of identification with the company, and encourage consumers to purchase iPhone. The second is operator customization. Apple has struck partnerships with China's three telecommunication operators, China Mobile, China Telecom and China Unicom. By promoting customized mobile phones, the cost can be reduced by promoting its products to customers that the operators' customers. In addition, making good use of the operators' huge financial advantages can make customized models better sold, thus increasing their market share. Thirdly, the distribution and retail industry is divided into three kind of types: Apple premium distributors, home appliance chains and authorized distributors. The benefit of this channel is that it reduces operating costs.

3.4. Promotion Strategy

In order to occupy this important market, localized advertising strategy has been implemented by Apple Inc. Incorporate Chinese elements into advertisements, which aims to meets the Chinese consumers' different requirements. These local advertisements have played a crucial part in Apple's development in Chinese Market. Apple attaches great importance to controlling the supply of iPhone and keeping information secret, Apple has been able to gain high profits from China. Apple tends to ship its phones purposefully and sparingly, and is careful to keep phone information secret until a new phone is launched. Every year before the Special Event, Apple keeps the information strictly confidential. In the Chinese market, there is almost no detailed information about the new phones, only a concept. The mystery intrigues Chinese customers, whet customers' appetites for merchandise. Apple has also introduced a preferential education policy, which allows students and teachers to enjoy discount when purchasing Apple products with a voucher.

4. Suggestions

4.1. Precise Positioning of Target Market and Customers

The foundation of enterprise marketing strategy lies in accurate market positioning. No mobile phone enterprises can simultaneously produce products that meet the different requirements of consumers. Thus, enterprises should choose dominant mobile communication products based on their characteristics, so as to develop and promote to meet the requirements of specific consumers. In terms of user groups, young people who pursue fashion are the first choice of Apple Inc., followed by business people. On this basis, Apple develops products and service strategies, thus the company gaining high profits and huge market share in China. This point obviously worth learning for mobile enterprises in China. Before making marketing strategies, domestic mobile phone enterprises should conduct detailed research and in-depth analysis of the current market situation, and make segmentation. Enterprises can start from their own development strategy, combined with the actual situation of enterprises, clear goals, so as to give full play to their own advantages, and the consumers in the target market with advantages are deeply understood. According to the consumers' consumption psychology and requirements, enterprises develop relevant products and services.

4.2. Enhancing Research and Development

For independent innovative enterprises, uniqueness, imitateness and irreplaceability are the main characteristics. Independent innovation is the key factor for domestic mobile phone enterprises to gain the initiative. An important factor in the success of iPhone in Chinese Market is the continuous innovation of the phones, the innovation on appearance and functions of the phones, as well as advanced mode in its marketing strategies and business pattern are important concerns for Apple Company. Domestic mobile phones are basically using the Android system, the mainly focus of these enterprises are CPU frequency, the processor, screen size and other aspects. Many mobile phone enterprises are using the same processors, which making their products seems identical. Therefore, Chinese mobile phone enterprises need to increase the investment in product independent R&D and design, develop its own core technology [10]. At the same time, further research and development of the intelligent system should be carried out, aims to optimize the system function and improve the user experience. In addition, Chinese mobile phone enterprises should also carry out innovation in advertising design, launch a number of creative and in-depth advertisements, which can bring deep impression to users, establish brand image gradually.

4.3. Improve Service Quality

To meet customer needs and provide quality service is the key to the success of product marketing. Mikal Hallstrup, Chief forward-looking Officer at Designit, said that, what users want most is a good solution rather than a variety of products. Usually, the solution is a product or service, it is more likely to be a combination of both in many cases. Standard, uniform physical display has been adopted in Apple Store, there are both sales area and product experience era. Consumers have different experiences in different areas, which makes a good impression on consumers. This tangible display of Apple Store brings comfortable environment and good service to consumers, satisfies the psychological needs of consumer. In order to provide Chinese consumers with better consumption experience, Apple has expanded its channels, providing online service, establishing physical stores to provide after-sales inspection services, and cooperating with local payment software- Alipay, Wetchat, UnionPay, etc., which bring good consumption experience to Chinese consumers and maintain a high degree of satisfactions with iPhone. Therefore, Chinese mobile phone enterprises should improve the quality of service, as the consumers pay more attention to the service experience when choosing a mobile phone. Establish a perfect service system, which provide consumers with high quality pre-sales & after-sales service and excellent user experience, and finally get the recognition of consumers. A hybrid product-service model can generate more profits and increase customer loyalty while providing increased customer value.

5. Conclusion

At present, iPhone is very popular in China's mobile phone market, Apple's market share is very stable. The main reason for such as good sales is that iPhone has a fashionable appearance, good product performance, unique product development route, and excellent user experience. Apple's marketing strategy in China is also important: first, product design and product function innovation. The design of the iPhone effectively combines specific shapes and colors, which makes the phone to exhibit powerful performance features and emotional colors, with a very spiritual impact; at the same time, Apple has a sound product system; second, the most distinctive price range strategy in Chinese market adopted by Apple is to set prices for high-end individuals; third, Apple adjusting and improving distribution channels of iPhone in Chinese market, iPhone are sold by three channels, Apple Store, distributors, and local telecommunication enterprises; fourth, promote marketing from product publicity and advertising design. Chinese mobile phone enterprises should pay full attention

to product quality, establish the core value of the enterprise from the aspects of product positioning, product publicity, product innovation and so on, and enhance the ability of brand premium.

For Chinese mobile phone enterprises, the successful transnational marketing of iPhone is worth learning. Therefore, analyzing and discussing the successful marketing strategy of iPhone in China plays a positive role in promoting the expansion of market share and enterprises development of Chinese mobile phone enterprises.

The shortcoming of this paper is that there is no systematic study on the whole company. Because in the analysis of an successful enterprise, marketing strategy, management level, enterprise culture, technology, product research and development ability, market control ability and other factors should be the focus of attention. Therefore, the next step of research on Apple should be more comprehensive.

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